

PENWELL ENERGY, INC.

1100 ARCO BUILDING
600 N. MARIENFELD
MIDLAND, TEXAS 79701

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March 22, 1996

U. S. Department of the Interior
Bureau of Land Management
P. O. Box 1778
Carlsbad, New Mexico 88221-1778
Attention: Mr. Paul Evans

Re: Tomcat Federal "21" Com # 1 Well
Lease No. NM-86153
Tomcat Prospect (NM-051)
Lea County, New Mexico

Dear Mr. Evans:

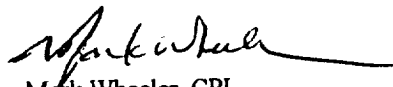
The undersigned corporation accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased lands or portions thereof as described herein:

Lease No. - NM-86153
Lease Description - NE/4, N/2 SE/4, SE/4 SE/4 of Section 20, All of Section 21, SW/4 of Section 22, T-23-S,
R-32-E, NMPM (1000.00 acres), Lea County, New Mexico
Primary Formation Objective - Morrow

Please note that Penwell's Statewide BLM Bond Number is NM-1641. Should you have any questions concerning these matters, please advise.

Sincerely yours,

PENWELL ENERGY, INC.


Mark Wheeler, CPL
Land Manager - Permian Basin

CMW:nm-051(1M)
cc: Bill Pierce / Joe Janica

